



City of La Puente

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ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#37 AUGUST 17, 2010

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

August 5, 2010

HAND DELIVERY

Sachi A. Hamai, Executive Officer, Board of Supervisors
Kenneth Hahn Hall of Administration
500 W. Temple St., Room 383
Los Angeles, CA 90012

Re: Resolution of the City Council of the City of La Puente Calling For a Special Election on November 2, 2010, Requesting Consolidation and Related Services.

Dear Ms. Sachi A. Hamai:

Enclosed please find is a copy of Resolution No. 10-4889, approved and adopted by the City Council of the City of La Puente ("City"), California on July 27, 2010, calling and giving notice of a special municipal election on November 2, 2010, requesting the Board of Supervisors of the County of Los Angeles to consolidate the special election with the Statewide General Election to be held on November 2, 2010, to render related election services to the City and authorizing Los Angeles County to bill the City for the costs of conducting the said election. The title of the enclosed Resolution No. 10-4889 reads as follows:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LA PUENTE, CALIFORNIA, DECLARING AN EMERGENCY; CALLING AND GIVING NOTICE OF A SPECIAL ELECTION ON NOVEMBER 2, 2010, FOR THE PURPOSE OF SUBMITTING TO THE LA PUENTE VOTERS GENERAL TAX MEASURES IMPOSING A BUSINESS LICENSE TAX ON BOTH MEDICAL MARIJUANA BUSINESSES AND CANNABIS BUSINESSES; APPROVING THE SUBMITTAL TO THE VOTERS OF THE BALLOT MEASURES AND ACCOMPANYING ORDINANCES; ESTABLISHING POLICIES AND PROCEDURES IN CONNECTION WITH SUCH AN ELECTION; AND REQUESTING THAT LOS ANGELES COUNTY CONDUCT SUCH AN ELECTION

Thank you for your consideration of this matter. Please feel free to contact me at (626) 855-1503 should you have any questions, concerns or require any additional information.

Sincerely,

Pat Jacques-Nares
Pat Jacques-Nares, CMC
City Clerk

Enclosure

cc: Dean Logan, Registrar-Recorder/County Clerk
Election Coordination Section
12400 Imperial Hwy.
Norwalk, CA 90650

RESOLUTION NO. 10-4889

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LA PUENTE, CALIFORNIA, DECLARING AN EMERGENCY; CALLING AND GIVING NOTICE OF A SPECIAL ELECTION ON NOVEMBER 2, 2010, FOR THE PURPOSE OF SUBMITTING TO THE LA PUENTE VOTERS GENERAL TAX MEASURES IMPOSING A BUSINESS LICENSE TAX ON BOTH MEDICAL MARIJUANA BUSINESSES AND CANNABIS BUSINESSES; APPROVING THE SUBMITTAL TO THE VOTERS OF THE BALLOT MEASURES AND ACCOMPANYING ORDINANCES; ESTABLISHING POLICIES AND PROCEDURES IN CONNECTION WITH SUCH AN ELECTION; AND REQUESTING THAT LOS ANGELES COUNTY CONDUCT SUCH AN ELECTION

THE CITY COUNCIL OF THE CITY OF LA PUENTE, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. FINDINGS.

(1) The City Council of the City of La Puente ("the City" or "La Puente") hereby finds and declares by a unanimous vote that an emergency exists in the City and that a special election on November 2, 2010 is necessary to address this emergency before the next regularly scheduled general municipal election on April 10, 2012, for the following reasons:

(A) The City had an approximate \$495,000.00 General Fund budgetary deficit for Fiscal Year 2010-11, which was balanced through the use of a one-time loan from the City's Sewer Fund.

(B) The projected deficit for Fiscal Year 2011-12 and the following fiscal years, is projected to be at least \$800,000.00, based on the present and current operating activities and expenses of the City.

(C) During Fiscal Year 2010-11, General Fund expenditures will exceed the General Fund revenue by \$800,000.00.

(D) In Fiscal Year 2012-13, the City is obligated to start making principal payments on a \$10,000,000.00 loan from Union Bank, thereby increasing the budgetary deficit by approximately \$500,000.00, for the total projected annual General Fund deficit of approximately \$1,300,000.00, which is approximately 15% of the present General Fund budget.

(E) The City's tax revenue in Fiscal Year 2009-10 has dropped by more than eight percent (8%) from Fiscal Year 2008-09. And, the tax revenue in Fiscal Year 2010-11 is projected to decrease by three percent (3%).

(F) The major reasons for the ongoing and projected deficits and decreases in the City's General Fund are the effects of a national and state recession resulting in a weak economy best evidenced by three years of declining development activity revenue, significant decreases in property and transfer tax revenues, raids on City revenue by the State of California, increased retirement costs (primarily associated with CALPERS investment losses), and increased health insurance costs.

(G) The City has taken significant steps to reduce its operational costs. It has eliminated over \$1,500,000.00 in General Fund expenditures and made the following budgetary cuts:

- | | |
|----------------------------|----------------|
| 1. Program cuts | \$1,080,000.00 |
| 2. Salary cuts (furloughs) | \$435,040.00 |

(H) Because of changes in State law, particularly the approval of Propositions 62 and 218, the City has very few means available for increasing General Fund revenue.

(I) The City's expected General Fund shortfall will severely limit the City's ability to provide essential City services such as law enforcement and fire services, road maintenance and repairs, building inspection and plan checks, animal control, planning, graffiti removal, public works and other administrative services.

(J) Curtailing essential City services to meet the expected budget constraints risks the health, welfare and safety of City residents. Curtailing law enforcement services risks increasing crime and decreasing emergency response times. Curtailing fire department services, including paramedic services, risks increasing response times in cases of medical emergencies, fires, accidents, or disasters. Curtailing other essential City services such as animal control, building inspection, plan checks, planning or public works risks the safety and welfare of City residents in a variety of ways: for instance, the amount of substandard housing would increase when there are fewer building inspectors and plan checks; and traffic and traffic accidents would increase when roads, traffic signals, and road signs are maintained less frequently.

(K) Absent a new source of General Fund revenue, the City's ability to maintain staff and service levels is uncertain, despite the dramatic decreases in services and budgetary cuts.

(L) Unless staff and service levels are maintained and restored, public facilities and property will not be properly maintained, public safety standards will degrade, crime and violence will increase, the community will not have adequate and safe recreational opportunities, businesses and families will be discouraged from moving to or remaining in La Puente, and the health, safety, and welfare of the residents of La Puente will be endangered.

(M) Because of that threat to the public health, safety, and welfare, an emergency exists in the City, as the term "emergency" is used in Article XIII C, section 2(b) of the California Constitution. The City must immediately address that emergency by ensuring that the City has the resources necessary to preserve the public health, safety, and welfare. Furthermore, the budgetary deficit and conditions leading to the City's declaration of fiscal emergency must be

immediately addressed, particularly in light of the pressing public health and safety demands, which generally required more resources in dire economic times.

(2) The identified emergency necessitates that the City Council submit two (2) separate general tax measures, described below, to the voters of La Puente at the November 2, 2010, special election, even though such an election would not be consolidated with the City's general election..

(3) Article XIII C, section 2(b) of the California Constitution permits the City, in an emergency situation declared by the Council, to seek voter approval for a general tax at an election that is not consolidated with the City's general election.

(4) The City Council is authorized by California Elections Code § 9222 to submit to its voters measures and ordinances.

(5) The City Council proposes and desires to submit to the voters of the City at a special municipal election on November 2, 2010, two (2) separate general tax measures, as described and set forth in Section 4, below.

(6) The purpose of the proposed general tax measures is to increase the City's General Fund revenues to be used for the usual and current expenses of the City, and providing essential City services, including but not limited to law enforcement and fire services, animal control, code enforcement, building inspection, plan checks, planning, and public works.

SECTION 2. NOTICE AND CALL OF SPECIAL ELECTION.

The City Council hereby calls and gives notice of a special municipal election to be held on November 2, 2010, on two (2) separate tax measures set forth in Section 4, below. That notice of the time and place of holding the election is hereby given and the City Clerk is authorized, instructed, and directed to give further or additional notice of the election, in the time, form, and manner required by law.

SECTION 3. REQUEST TO CONSOLIDATE AND CONDUCT ELECTION AND CANVASS RETURNS.

(1) Pursuant to the requirements of California Elections Code § 10403, the Board of Supervisors of the County of Los Angeles is hereby requested to consent and agree to the consolidation of a special municipal election with the Statewide Election on Tuesday, November 2, 2010, for the purpose of placing two (2) general tax measures and accompanying ordinances, set forth in Section 4, below, on the ballot.

(2) Pursuant to California Elections Code § 10400 *et seq.*, the City Council of the City of La Puente hereby requests that the Los Angeles County Board of Supervisors direct the Registrar of Voters to conduct all necessary services related to the special municipal election, and to bill the City for the costs of conducting said election.

SECTION 4. PLACEMENT OF TWO (2) TAX MEASURES ON THE NOVEMBER 2, 2010, BALLOT.

Pursuant to Section 2(b) of Article XIIC of the California Constitution and California Elections Code §§ 9222 and 10201, the City Council does hereby order submitted to the voters at a special election on November 2, 2010, the following two (2) ballot measures and accompanying ordinances:

(1) **Medical Marijuana Cooperatives Business License Tax Measure Imposing:** (i) an annual business license tax in the amount of \$100.00 per square footage of premises occupied by a Medical Marijuana Cooperative, which is exempted under Article XIII, Section 26 of the California Constitution from local taxes or fees measured by income or gross receipts; and (ii) (10%) per \$1,000 of gross receipts on any other Medical Marijuana Cooperative.

(A) **Ballot Language:** The ballot language for this measure shall be as follows:

MEDICAL MARIJUANA COOPERATIVE TAX MEASURE: "Shall an ordinance be adopted to require Medical Marijuana Cooperatives operating in La Puente to pay an annual business license tax of 10% per \$1,000 of gross receipts, or \$100 per square footage on premises, if such Medical Marijuana Cooperative is exempted under California Constitution from local taxes measured by gross receipts to provide for general municipal services, including but not limited to law enforcement?"	YES	
	NO	

(B) **Proposed Ordinance.** Ordinance adding Chapter 5.05 (Medical Marijuana Cooperative Business License Tax) to Title 5 (Business Regulation and Licenses) to La Puente Municipal Code ("the Medical Marijuana Cooperative Tax Ordinance"), establishing the new business license tax category and imposing a business license tax on Medical Marijuana Cooperatives is attached hereto as **Exhibit 1**. The City Council hereby approves the submission of the Medical Marijuana Cooperative Business License Tax Ordinance to the voters of the City at the November 2, 2010, election. The City requests that County of Los Angeles print **Exhibit 1** in its entirety with the election materials.

(2) **Cannabis Business License Tax Measure Imposing,** an annual business license tax in the amount of 10 %) per \$1,000 of gross receipts on any Cannabis Business, as defined in the ordinance attached hereto as **Exhibit 2**, in the City.

- (A) **Ballot Language:** The ballot language for this measure shall be as follows:

CANNABIS BUSINESS TAX MEASURE: "Shall an ordinance be adopted to require a Cannabis Business to pay an annual business license tax in the amount of 10% per \$1,000 of gross receipts to provide for general municipal services, such as law enforcement and fire services, animal control, code enforcement, building inspection, plan checks, planning and public works?"	YES	
	NO	

(B) **Proposed Ordinance.** Ordinance adding Chapter 5.07 (Cannabis Business License Tax) to Title 5 (Business Regulation and Licenses) to La Puente Municipal Code ("the Cannabis Business Tax Ordinance"), establishing the new business license category and imposing a business license tax on Cannabis Businesses is attached hereto as **Exhibit 2**. The Cannabis Business Tax Ordinance, if passed by majority of the La Puente voters on November 2, 2010, will be considered as adopted on the date that the election vote is declared by the City Council. Cannabis Business Tax Ordinance will take effect ten (10) days after the Council's declaration of the November 2, 2010 vote, but only if Proposition 19, known as "The Regulate, Control and Tax Cannabis Act of 2010", is adopted by the voters of the State of California. Moreover, no business license for any Cannabis Business shall be issued by the City and the Cannabis Business License Tax under this ordinance shall not become operative until and unless the City Council enacts an ordinance and/or regulations specifically permitting the establishment and operation of a Cannabis Business within the City. The City Council hereby approves the submission of the Ordinance to the voters of the City at the November 2, 2010, election. The City requests the County of Los Angeles to print **Exhibit 2** in its entirety with the election materials.

(3) The sequence of the above ballot measures shall be as follows: (a) Medical Marijuana Cooperative Tax Measure; and (b) Cannabis Business Tax Measure. Both ballot measures require the majority vote of La Puente voters for passage.

SECTION 5. PUBLICATION OF MEASURE.

The City Clerk is hereby directed to cause notice of the measure to be published once in a newspaper of general circulation in the City of La Puente, in accordance with California Elections Code § 12111 and Government Code § 6061.

SECTION 6. SUBMISSION OF BALLOT ARGUMENTS AND IMPARTIAL ANALYSIS.

(1) The last day for submission of direct arguments for or against the measures to the City Clerk shall be by 12 p.m. on August 16, 2010.

(2) The last day for submission of rebuttal arguments for or against the measures to the City Clerk shall be by 12 p.m. on August 26, 2010.

(3) Direct arguments shall not exceed three hundred (300) words and shall be signed by not more than five (5) persons.

(4) Rebuttal arguments shall not exceed two hundred fifty (250) words and shall be signed by not more than five persons; those persons may be different persons than the persons who signed the direct arguments.

(5) The City Attorney shall prepare an impartial analysis of the measure by August 16, 2010, which shall not exceed five hundred (500) words.

(6) Pursuant to California Elections Code § 9282, the Mayor is hereby authorized to prepare a written argument in favor of the proposed measures, not to exceed 300 words, on behalf of the City Council. At the Mayor's discretion, the argument may also be signed by members of the City Council or bona fide associations or by individual voters who are eligible to vote on the measure. In the event that an argument is filed against the measure, the Mayor is also authorized to prepare a rebuttal argument on behalf of the City Council, which may also be signed by members of the City Council or bona fide associations or by individual voters who are eligible to vote on the measure.

(7) Pursuant to California Elections Code § 9285, when the City Clerk has selected the arguments for and against the measure, which will be printed and distributed to the voters, the City Clerk shall send copies of the argument in favor of the measure to the authors of the argument against, and copies of the argument against to the authors of the argument in favor. Rebuttal arguments shall be printed in the same manner as the direct arguments. Each rebuttal argument shall immediately follow the direct argument, which it seeks to rebut.

SECTION 7. EFFECTIVE DATE.

This Resolution shall become effective immediately upon its passage and adoption, and the City Clerk is directed to send certified copies of this Resolution to the Los Angeles County Board of Supervisors and to the County Clerk-Recorder by no later than August 6, 2010, 5:00 p.m.

SECTION 8. CALIFORNIA ENVIRONMENTAL QUALITY ACT.

Based on all of the information presented at the July 27, 2010 meeting, both written and oral, including the staff reports, minutes, and other relevant materials, the City Council finds that under the California Environmental Quality Act ("CEQA") Guidelines §§ 15060(c)(2) and 15378, subdivisions (2) and (4) of subdivision (b), the proposed tax measures do not constitute a project under CEQA and therefore review under CEQA is not required.

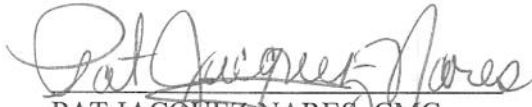
[SIGNATURES AND RECORD OF THE VOTE ON THE NEXT PAGE]

PASSED, APPROVED AND ADOPTED this 27th day of July, 2010.

AYES:	Councilmembers:	House, Mendoza, Solis, Holloway, Argudo
NOES:	Councilmembers:	None
ABSENT:	Councilmembers:	None
ABSTAIN:	Councilmembers:	None


DAVID ARGUDO, MAYOR

ATTEST:


PAT JACQUEZ-NARES, CMC
CITY CLERK